

MARCH 5, 2003

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of Progress Energy Carolina (Progress Energy or the Company) for approval of its Economic Redevelopment Rider ERD-2 (the Rider). The purpose of the Rider is to offer an economic incentive to encourage new businesses to locate in empty buildings served or previously served by the Company. Progress Energy notes that it introduced Economic Development Rider ED in 1995 to encourage new and expanded businesses to locate within South Carolina, and that this Rider has proven to be an effective tool in encouraging economic development. Progress Energy also states that economic conditions have now resulted in a number of empty buildings in the Company's system, and that it is now appropriate to introduce a Rider specifically targeted to encouraging businesses to locate in these empty facilities where costs have already been incurred to extend distribution facilities. This Rider will offer an opportunity to recover a contribution toward the cost of facilities constructed for the original occupant and will benefit all ratepayers, according to the Company.

Under the terms of the Rider, it will be available to nonresidential customers locating in existing buildings where only minimal distribution alteration costs will be incurred. The customer must add a minimum of 500 kW of load, provide a minimum number of jobs or capital investment, and must provide a letter stating that the availability of this Rider was a factor in the customer's decision to locate in the Company's service area. The customer must enter an agreement for a contract term of five years. The customer is billed under standard general service class tariffs; however, a credit equal to 50% of their total electric bill shall apply for the first year after the facility is fully operational. The Rider will be available until December 31, 2004, unless the availability is extended by subsequent Commission action. The Company requests approval of the Rider, with an effective date of March 15, 2003.

Pursuant to the provisions of S.C. Code Ann. Section 58-27-870(F)(Supp. 2002), the Commission may allow rates or tariffs to be put into effect without notice and hearing upon order of the Commission when such rates or tariffs do not require determination of the entire rate structure and overall rate of return, or when the rates or tariffs do not result in any rate increase to the electrical utility. We find that the Rider proposed herein does not require a determination of the entire rate structure and rate of return of Progress Energy. Further, the Rider does not result in any rate increase to the electrical utility. Accordingly, we may proceed to rule on this matter without notice and hearing.

Accordingly, we have examined the Rider proposed, and find that its approval is in the public interest. Clearly, the intent of the Rider is to encourage businesses to locate in empty facilities where costs have already been incurred to extend distribution facilities.

The Rider will offer an opportunity to recover a contribution toward the cost of facilities constructed for the original occupant and will benefit all ratepayers. In addition, under the terms of the Rider, the customer must add a minimum of 500 kW of load, and provide a minimum number of additional jobs or capital investment.

Because of this reasoning, we approve the Rider, effective March 15, 2003. Progress Energy shall track any resulting revenue shortfall resulting from use of the Rider for possible future consideration as determined by this Commission. The Company shall furnish ten (10) copies of the approved Rider to this Commission within ten (10) days of its receipt of this Order. This Order shall remain in full force and effect until further Order of the Commission.

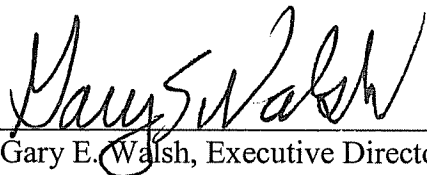
BY ORDER OF THE COMMISSION:



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Mignon L. Clyburn, Chairman

ATTEST:



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Gary E. Walsh, Executive Director

(SEAL)